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MSA ACCOUNTS PAYABLE

SOFTWARE EVALUATION

Prepared By

CLAS Accounts Payable Team

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#### BACKGROUND

The following is an evaluation of the release 4.2 of the MSA Accounts Payable software package. It was prepared as a result of a study performed at an offsite facility utilizing the Cullinet IDMS database. The study was conducted as a evaluation effort to determine the feasibility of the MSA package in the Corporate Data environment. In conjunction with accounts payable, the MSA manufacturing and purchasing packages were also included in the study.

Subsequent to the initial evaluation, it was determined that the release 4.2 lacked much of the desired functionality and it was disclosed that a new release would provide much of the missing capability as well as integration with the purchasing package. Hence members of the purchasing and accounts payable teams attended a course on the new release the findings of which are included in the release 5.0 addendum.

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## CURRENT SYSTEM DESCRIPTION

### 2.1 BACKGROUND

The current accounts payable system is known as the finance portion of the Contract Information System (CONIF). It was developed jointly by the Office of Finance and the Office of Logistics. It resides in the GIMS data base management system and both offices share in the current operation of the system. The vendor payment portion began operations approximately in June of 1978. CONIF is capable of processing both purchase orders for the acquisition of materiels and contracts for services and effecting payments for either type of transaction. In CONIF, all pertinent data is collected and controlled primarily at the purchase instrument - contract or purchase order - level

### 2.2 DATA

The system contains contract data originated by OL Procurement Division. This includes vendor names, addresses, contract clauses and provisions, and other data pertinent to contractual activity including degrees of security classification of the various purchase instruments.

### 2.3 PROCESSES

The system processes vendor invoices against the various contractual entities. It is capable of recording the amount obligated for each purchase instrument and contains an edit to ensure that expenditures do not exceed the obligated amount. It has the capability to pay purchase orders by line item and to match the payments against the items received. It accommodates tracking of progress payments, withholding, and differentiation of cost and fee amounts paid against the appropriate purchase instruments and allows for on-line retrieval of such data. It further allows for partial or full suspension of contested invoices and permits the Commercial Systems

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Audit Division to disallow payments on invoices when audit irregularities are uncovered. It further restricts the payment of such disallowances until proper resolution of such discrepancies is effected. It further allows the Commercial Systems Audit Division the capability for on-line retrieval of the amounts of cost and fee paid to date. This data is utilized in their contractor audits. The system facilitates payment of invoices by Treasury check, Cashier's check or Electronic Fund Transfers. It also produces remittance advices for the contractors.

#### 2.4 INTERFACES

CONIF receives commitment data from the current financial system. In turn it passes back obligation and decommitment data to the financial system when the purchase instrument is consumated. It passes expenditure and other general ledger data to the financial system when payments occur. It also receives data from the Inventory Control System to record the receipt of materiel.

#### 2.5 CAPABILITIES

CONIF can process vendor invoices for payment and schedule such payment in accordance with prompt pay requirements to ensure proper cash flow and discount parameters. In addition it can retain payment data for a given purchase instrument. Such data includes amount paid to date, amount withheld, total amount of progress payments, amount of cost and fee paid, and amount of discounts taken as well as invoices suspended or disapproved. This data is retrievable on-line and must be available in that mode to accommodate the many requests for information - many of which are from external sources such as contractors or Congressional inquiries - as well as internal management requests.

#### 2.6 VOLUME

During the past three Fiscal Years, CONIF paid the following number of invoices - FY83, 30,658; FY84, 40,147; and FY85, 49,433 (See Appendix B.IV).

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## PACKAGE SYSTEM DESCRIPTION

### 3.1 GENERAL

The accounts payable package is basically a batch system with some on-line capabilities. It is not interfaced with any of the other packages but does provide the capability for extracting general ledger data to be passed to a general ledger package. The only file that can be created on-line is the vendor file. The batch transactions may be created on-line but must be updated in batch. These include:

1. Policy
2. Invoices
3. Payments
4. Reports

All invoice data collection and payment transactions are processed through batch jobs.

The system permits on-line inquiries against the policy, vendor and data collection files. It also allows for on-line inquiry of invoice status and cumulative payment data.

### 3.2 MENUS

The system consists of forty menus which are comprised as follows:

Policy Inquiry	18
Vendor Inquiry	6
Item Inquiry	6
Data Collection	9

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Data Collection Inquiry 2

Of the nine data collection menus, one is used as a transaction header, six are used for the payment of invoices, one is utilized for establishing and modifying vendors and the remaining one is used for cycle control. Pay entities and their attendant policies are established using source code rather than menus. They are input via a free form 80 column format which is both cumbersome to use as well as possessing a high potential for error.

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#### PACKAGE PROCESSES

The system processes consist mainly of establishment of paying entities, policies regarding each entity, vendors within the entity, and invoices against the vendors. The rules (or policies) are established at the various levels - policy, vendor, invoice, etc. - and the system operates on a default basis to the next highest level beginning with the data input at the lowest level. For example, discount policy may be established at the paying entity level or at the vendor level however discount information input on the invoice will override the higher levels.

System processes consist of inputting invoices against specific vendors with minimum data such as vendor number, invoice number, amount, payment date, and accounting date. Optional data such as discounts, accounting distribution, etc. may also be entered at this time. When the payments are triggered by the input of a payment cycle card, the system then checks higher level policy and schedules payments based on rules established at either invoice, vendor or policy level.

NOTE: the collection and retrieval of data in the accounts payable package is at the policy, vendor, and invoice level rather than at the purchase instrument level as in CONIF. This is an important distinction.

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INITIAL ASSESSMENT

5.1 SHORTFALLS

Initially, the accounts payable package seemed very limited in it's usage. Some of the major shortfalls were:

5.1.1 Non-Integration With Purchasing

- A. requires separate vendor files
- B. did not allow for passing of data between packages.
- C. did not support any edits or validations between purchase order and invoice.
- D. Did not accommodate automated matching for receiving.

5.1.2 Limited Capability

- A. did not accommodate cost type contracts.
- B. Could not differentiate between cost and fee
- C. Inability to handle progress payments.
- D. No apparent way to handle withholding
- E. No on-line mechanism for approving invoices.
- F. Only allows for one suspension of an invoice.

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5.1.3 Cumbersome Processes

Some processes were cumbersome, these included:

- A. Policy for pay entities is difficult to establish as they are not menu driven. They must be input on the source code screen which utilizes a free form 80 column format.
- B. Invoices are input using a myriad of different menus and were therefore cumbersome.
- C. There is limited retrieval capability. The Information Expert query language can not be used for retrieving information.

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## FINDINGS

During the evaluation effort, the following was uncovered concerning the payment of the various types of contractual arrangements.

### 6.1 FIRM FIXED PRICE

These transactions, also known as purchase orders, are the bulk of the purchasing activity. (See Appendix B.I). They consist mainly of purchases of supplies and equipment. They are generally paid upon receipt of a vendor invoice and determination that the conditions of the purchase order were met, generally the receipt of the materiel.

It appears that the system is capable of handling these types of payments. It has the capability to pay for items received against a purchase order and can do this when multiple line items are involved. However, since there is no integration with purchasing, there is no passing of receiving data. The individual effecting payment must refer to hard copy receiving documents. There are no checks to ensure that approved dollar thresholds are not exceeded.

### 6.2 COST TYPE CONTRACTS

The system will accommodate a simple payment of a contract. It can also accommodate the following conditions that may occur under this type of contractual arrangement.

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#### 6.2.1 Progress Payments

These payments represent funds advanced to a contractor to permit the contractor to buy materials, pay labor costs, etc. The contractor, at various stages throughout the contract, will submit liquidation invoices against work performed. These invoices result in the amount being expensed and credit given against the previously advanced funds. Until such time as the liquidation invoices are received, the advances are treated as assets in the Agency accounting system.

- 1) Through use of the multiple entry menu, a progress payment can be effected through the assignment of a distribution (company, account and center) to generate a debit amount to a pre-determined progress payment general ledger. The purchase order number can be used in the general ledger description to facilitate tracking of these payments.

- 2) The liquidation invoice can be handled in the following manner. Through use of the multiple entry menu and its transaction code facility, a credit can be effected to the progress payment and cash general ledgers and the corresponding debit to the expense general ledger.

- 3) The current system has an edit that imposes a limitation on the amount that can be paid in the form of progress payments. This limitation is derived from the percentage to be advanced as described in the contract. This capability does not exist in the package as tested.

#### 6.2.2 Cost and Fee

Some contracts are written to allow for the separation of the cost and fee segments. These must be differentiated at the time of payment. The cumulative amounts for each of these segments must be tracked in order to aid the CSAD audit process.

It is possible to differentiate between cost and fee through separate general ledgers for each. Using this approach, the payment is processed using the multiple entry menu and distributing the cost and fee to the appropriate general ledgers. The drawback to this approach is the retrieval of the data which must be accomplished against the general ledger package. However, the new

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release 5.0 and the financial controller package may alleviate this problem.

#### 6.2.3 Withholding

It is often necessary to conduct withholding on cost type contracts. The percentage of withholding is expressed in the terms of the contract and it is the responsibility of the voucher auditor to withhold a portion of the payment as stipulated in the contract terms. This amount must be recorded as a liability (due the contractor) and must be tracked throughout the life of the contract. The release of these withholdings is predicated on CSAD audit reports. Subsequent to FY1982, all cost contracts are required to incorporate withholding, therefore, there will be an increase in this activity.

This can be effected in the current release by use of the multiple entry menu. The entries involved would be a debit to the expense general ledger with corresponding credit entries to the cash general ledger and a liability account which represents withholding. The current system allows for tracking of withholding within the system. In the package environment, the withholding amount would be tracked using the purchase order number to retrieve data from the general ledger.

CONIF does not edit for percentage of withholding nor is there any edit to restrict the release of withholding to some criteria such as a final release. These capabilities would also not exist in the current release of accounts payable.

The MSA funds control package contains a feature known as retainage which, in conjunction with the new integrated purchasing/accounts payable release, will effect withholding. However, this has not been explored in this evaluation as there was no funds control package available.

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### 6.3 FINANCIAL DISTRIBUTION

In the current system, the distribution of financial data, e.g. commitments, obligations, and expenses is effected through recording such transactions at the project number and SOC level. The package software will accommodate this through a numbering scheme known as the company, account and center. Included in these numbers will be the current project number, SOC, general ledger and other pertinent financial data. Vital to the proper distribution of this financial data is the interface between the accounts payable package and the general ledger package (currently scheduled to be Cullinet). (see the section on interfaces).

### 6.4 DATA RETRIEVAL

The package, as tested, cannot respond to ad-hoc queries. The system does allow on-line access to the vendor and invoice files but retrieval of specific data in a desired format is not possible from this system.

### 6.5 PAYMENT MECHANISM

The package as tested does not allow for payment by treasury check or electronic funds transfer (EFT). These are both requirements of our system. However, a program has been written to allow other government agencies to produce a treasury check tape. This program was written by a contractor for MSA and will not be usable in the new release 5.0. Therefore, MSA is planning to have a similar program written to accommodate the new release and also include EFT capability.

### 6.6 VOUCHER CERTIFICATION

The current system, CONIF, produces a hard copy voucher which is signed by the financial certifying officer. Due to the fact that the function of certifying officer does not exist in the private sector, commercial software does not provide for any type of financial certification - either in hard copy or electronic signature - and this will require either a modification to the package or a change in philosophy regarding the certification of system generated payments.

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The Treasury Department has acknowledged that automation has impacted on the role of the certifying officer. It states:

" Automated payment systems present special problems for certifying officers because you rarely examine individual payments or supporting documentation.....some verification of individual transactions is impossible, therefore, the basic issue in determining your liability is whether it was reasonable for you to rely on the system to continually produce legal and accurate payments."

Department Of  
Treasury Pamphlet  
'Now That You're A  
Certifying Officer'

#### 6.7 FUNDS AVAILABILITY

In the area of government accounting, the controlling factor is the amount of funds available against a given appropriation (see section on funds control under interfaces). The current system provides the capability to record obligations against the appropriation and contains edits to ensure that payments do not exceed the obligated amount on a purchase instrument. The package, as tested, would not provide this capability. It can only be accomplished with the addition of a funds control package to the system configuration.

#### 6.8 INTERFACES

##### 6.8.1 General Ledger

The package, as tested, will accommodate the passing of payment data to a general ledger package. This process is the topic of a separate technical study and will be addressed in that report.

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6.8.2 Funds Control

In our evaluation scenario there was no provision for a funds or budgetary control package. As transactions were simulated, the funds control was assumed where commitments and obligations were involved. Any configuration of packages - whether mixed or single vendor - must take the funds control into consideration. The packages, as tested, are primarily designed for commercial use. The government, however, operates under the concept of fund accounting. In order to accomplish this, there must be a funds or budgetary control package. This is necessary to allow for commitments and obligations to be established against the appropriation or allotment as purchase orders and contracts are created in purchasing. It is also necessary to monitor expenses against these obligations as payments occur in the accounts payable. This can only be accomplished with a funds control package.

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## SUMMARY OF FINDINGS

The following is a summary of the findings on Release 4.2

### 7.1 POSITIVES

- o System will handle firm fixed price transactions
- o Limited accommodation of progress payments
- o Could accommodate cost and fee through general ledger
- o Limited accommodation of withholding

### 7.2 NEGATIVES

- o Not integrated with purchasing
  - would require manual matching
  - dual input of vendors
  - data not shared between systems
- o Cost and Fee breakout difficult to track
- o Some processes are cumbersome
- o Limited retrieval capability
- o Missing edits
  - no edit on purchase order and line item number
  - no edit on batch number
  - no edit on date for posting to G/L

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- o Only allows for one suspension on an invoice
- o Missing Data Elements

It is currently planned to augment the package to accomodate many of the missing data elements. This will entail creating menus to collect the data and the writing of programs to perform any necessary logic. The cost and time involved in this effort will be covered in the technical evaluation. (see Appendix B for the missing data elements).

- o Funds Control

Although this is outside of the scope of the evaluation, it is a vital link in the overall systems configuration. This release of accounts payable, due to it's lack of integration, cannot accommodate funds control.

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## 5.0 ADDENDUM

All of the preceding has been an evaluation of the 4.2 release of accounts payable. During the week of 18-21 August, members of the CLAS team - specifically purchasing and accounts payable - attended a course on the new 5.0 release. The changes and enhancements resulting from this release are of such significance that a complete and thorough evaluation could not be reached without including the features of this release as shown in this addendum.

The basic concepts of the accounts payable release remain the same however the following changes have been made. In order to convey their impact they are broken down into categories of major, significant and minor.

### 8.1 MAJOR CHANGES

#### o Integration With Purchasing

- Shared Vendor File
- Automated Matching

#### o Employee Advances and Expenses

- The system allows for the processing of employee advances and expenses through a separate facility for this function.

#### o Enhanced Reporting

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- This release utilizes the Information Expert (I.E.) facility which allows for ad-hoc report generation

- o Improved Menu Capability

- New menus for establishing and maintaining policy

- Less cumbersome

- More user friendly

- Invoice Worksheets

- Utilizes spreadsheet technology

- Increased flexibility and ease of use

## 8.2 SIGNIFICANT CHANGES

- o On-Line Invoice Approval

- Individual or group authority

- Dollar limitations

- o Invoice Modelling

- Used for frequently paid invoices

- e.g. utility payments

- o Improved duplicate invoice verification

- o General Ledger Interface Menu

- Allows for provision of information to pass data to General Ledger.

- o Links company/account/center to purchase order

- If automated matching is employed, the general ledger distribution can be linked to the purchase order.

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(This is more in line with the current philosophy of linking to the purchase instrument rather than the vendor)

o Capability to effect partial payment

- CONIF allows partial payment of suspensions. Release 4.2 could not accommodate this.

8.3 MINOR CHANGES

o Edit on general ledger posting date

- Under release 4.2, an erroneous posting date could be input. e.g. a posting date of 1986 could be recorded as 1996, thus causing general ledger data to be incorrect.

o Use of decimals in amount field

- 4.2 would not accept decimals thus was less user friendly

o Canned messages

- preformatted reason codes and remittance messages.

- Can be easily referenced on invoice.

o Ability to inquire and return to invoice

- This release provides capability to exit the invoice to make inquiries on company terms and vendor policies and return to invoice worksheet.

o Capability to delete and restore lines on invoice

Summary:

The overall evaluation of this release is that it possesses much more functionality than the one that was evaluated at the offsite facility. It has alleviated many of the negatives associated with that release - notably those dealing with the cumbersome processes, the retrieval capabilities, integration with purchasing, release of suspensions and some of the missing edits.

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OPERATIONAL IMPACT STATEMENT

9.1 AUDIT & CERTIFICATION DIVISION

The Audit & Certification Division (A&CD) is the Office of Finance division responsible for the payment of vendor invoices against purchase orders and contracts initiated by the Procurement Division of the Office of Logistics. If release 4.2 is implemented, it will have an adverse impact on Audit and Certification which is constantly plagued by personnel shortages and, as shown in Appendix B.IV, is facing an annual increase in the number of invoices processed. The following are some of the major disadvantages to using this release.

o There is no integration between the purchasing and accounts payable packages. This would result in the following:

- Duplicate vendor files - As there is no sharing of vendor data between the two packages, it would be necessary to have duplicate vendor files - one in each package. This would undoubtedly result in not only duplicate data but would necessitate an increased volume of input by A&CD personnel. (Provided in 5.0)

- Necessity to rekey data from hard copy documents. Since there is no shared data, it would be necessary to rekey data from purchase orders, contracts and receiving documents into the accounts payable system. This data would have to be keyed by A&CD personnel. (provided in 5.0)

- Manual matching. The matching process will not be automated due to lack of integration. The A&CD personnel will have to manually perform the matching function between purchase orders and invoices to determine if items are received (provided in 5.0).

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o There is no capability in release 4.2 for storing purchase order or contract data as required for the payment process, e.g. clauses, terms, types of payment, etc. To retrieve this data would require a separate query in the purchasing system which would necessitate the constant switching between systems during the payment process. The alternative to this is to have the data provided on hard copy documents produced from the purchasing system. In either event it would require inputting data that would be provided by the integrated features of the new releases.

o Only one suspension of an invoice is allowed in this release. This will require maintenance of manual records on suspensions as there are sometimes multiple suspensions on an invoice. These multiple suspensions necessitate partial releases or payments as discrepancies are resolved. The current system can accommodate this but the failure of this release to do so would result in additional time and effort being expended in the handling and monitoring of suspensions. (Alleviated in 5.0)

o The current release will only provide for two addresses in the vendor file. Due to the security requirements of the Agency this is inadequate. This could impact on the size of the vendor file as there may be possible cross referencing to dummy vendors to increase the available address data. This, combined with duplicate vendor files, would also result in added work for A&CD.

o Remittance advices. The current system generates the remittance advice data. If release 4.2 is utilized, the A&CD personnel will have to type their own remittance advices and this will result in additional workload. (provided in 5.0)

o Funds control. There is no funds control capability within this release. Although the funds control aspect was outside of this evaluation, it has been mentioned throughout as a vital part of the package configuration. If some type of funds control is not available, it will be necessary for the A&CD personnel to manually check the obligated or approved amounts in the purchase instruments to ensure that the payments or expenses do not exceed the obligations. This will not only result in additional work but could well result in errors that cause obligations to be exceeded and the Agency to violate the Anti-deficiency law as stated in U.S. Code 31.

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o Electronic funds transfer (EFT) is not accommodated in the current release. It is currently an Agency goal to fully utilize this capability. Although the lack of it may not impact on the work load, it could affect the payment process and would be a setback to current objectives.

Conclusion:

It seems highly probable that based on these observations, the workload in A&CD could significantly increase if release 4.2 replaces the current system.

If release 5.0 is implemented there will be some significant savings in the payment of firm fixed price contracts as data would be passed direct from purchasing and the system would allow for automated mathtching of items recieved.

9.2 COMMERCIAL SYSTEMS AUDIT DIVISION

The Commercial Systems Audit Division (CSAD) is the Office of Finance division tasked with the audit of cost type, time and materiel, and certain fixed price contracts. They utilize the data in CONIF for their audits as well as for inputting disallowances and suspensions when irregularities are uncovered in the audits. The disallowance capability also gives them control over the contract payment process as payment of the disallowed/suspended portion cannot be effected until the disallowances/suspensions are resolved and the disallowance/suspension is lifted by a CSAD input. They are also responsible for inputting approved cost and fee in CONIF. CSAD, like A&CD, faces the difficulty of limited resources coupled with an increasing workload (see Appendix B.VI).

Release 4.2 could not accommodate the disallowances/suspensions that occur when CSAD uncovers irregularities in the course of their audits. This relates to the package's inability to handle multiple suspensions. The package does allow for a vendor or invoice to be placed on hold but since this does not allow the system to effect any further payments against the vendor or invoice it is not a

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desirable solution since the current system (CONIF) allows uncontested payments to take place while holding questioned ones in abeyance.

In addition to the above, CSAD uses CONIF data for scheduling audits and recording overhead rates. These requirements will be addressed in the evaluation of the purchasing package. CSAD is heavily dependent on the data retrieval capabilities of CONIF and it appears that the data, once input into IDMS, can be retrieved through on-line query (OLQ) or CULPRIT. OLQ is analogous to the GIMS query language used in the current system. CULPRIT is a report writer and can be used for retrieving data in the same way RAMIS is currently being utilized.

Many of the CONIF data elements that satisfy CSAD's requirements are missing in the package (see Appendix A). It will be necessary to modify the package or find a way to accommodate these elements through some 'black box' approach in IDMS. This will include providing menus for collection of the data as well as a retrieval mechanism.

Conclusion: The inability to control contested invoices would impede CSAD's function and would probably necessitate manual records which would place a burden on their activities and could result in a contractor being overpaid and thus having free use of government funds to which they are not entitled. Further, the implementation of any package software would require modifications to accommodate CSAD requirements as explained above.

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### 9.3 ASSISTANT DIRECTOR FOR LIAISON

The Assistant Director For Liaison (ADL) is the Office of Finance component responsible for all liaison with other government agencies concerning financial transaction such as advances, reimbursements, and payments. In this role they are responsible for paying invoices or billings submitted by other agencies for reimbursement for services rendered or materiel provided to the Agency.

These payments for materiel items are similar to the ones processed by A&CD in the commercial vendor environment. They involve a purchase instrument - usually a requisition to the other agency - an invoice - usually another agency form 1080 - and proof of receipt of materiel. In order to accomplish this task, ADL has developed a sophisticated level of automation which relies heavily on data received from the Inventory Control System which records receipt of materiel. This data is matched against the other government agency invoices which are submitted on magnetic tape. This process allows for the payment to occur for those items that are recieved and an exception report to be produced for non-recieved items. The exception items may be either further researched or checked for recieving in subsequent iterations of matching. In either event, this capability provides for a vendor payment system that is practically untouched by human hands insofar as the voucher auditor is concerned.

The MSA software has a function which will allow vendors - in this case, other government agencies - to submit their invoices in a magnetic media. However, this release of accounts payable will not permit automated matching, therefore, the utilization of this release would require manual matching and negate the gains made by ADL in the area of invoice payment.

Conclusion:

The inability to provide automated matching would result in a cumbersome and time consuming effort which would add an additional burden to the workload of ADL.

Release 5.0, with its enhanced features such as automated matching would significantly aid ADL in their processes.

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## REQUISITIONING

### 10.1 PROCESSING

It was the original intent to process the requisitioning of materiel through the manufacturing package. During the evaluation, it was determined that this could not be done and it was decided to process such requisitions through the purchasing package. This requires augmentation of both manufacturing and purchasing through the development of an independent program to both capture missing data elements and link the two packages. The mechanics of this are being addressed in the other package's evaluations.

### 10.2 FINANCIAL IMPACT

It will be necessary for the purchasing package to pass the following financial data to the financial system:

encumbrances - PRA

commitments - funded requisitions and direct buys  
and  
obligations against MPA

It will also be necessary for the purchasing system to interact with funds control for the the validation of availability of funds/PRA.

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## MANUFACTURING

In addition to the accounts payable package, the following are comments concerning the manufacturing package. These comments are strictly from a finance standpoint.

### 11.1 PROBLEMS

The major problem with manufacturing is that it does not directly interface with the financial packages. This will have an impact on the following areas:

#### 11.1.1 Property Accounting

Receipts and issues of property are currently recorded in an asset account for property on hand. This cannot be done from manufacturing without going through another set of packages - manufacturing accounting and standard cost. There is no provision to make distribution of financial entries from manufacturing.

#### 11.1.2 MPA/PRA

This process - which is unique to Agency accounting - cannot be accommodated from the manufacturing package. This is due to the fact that the process involves monitoring funds at two levels simultaneously - available MPA and available PRA - and the packages will only accommodate one funds level (this is assumed as there is currently no funds control package in our evaluation scenario). The PRA process also requires a double costing - a charge to MPA for goods received and a charge to PRA when issued to the customer. However, due to the lack of interface between manufacturing and the financial packages and the inability to make financial distribution in manufacturing, this requirement cannot be accommodated as the PRA charge or issue cannot be made to the customer's account.

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## CONCLUSIONS AND RECOMMENDATIONS

### 12.1 CONCLUSIONS

Release 4.2 does not meet the needs and requirements of the Agency and should not be considered for implementation.

- Release 5.0, along with purchasing release 2.0, will accommodate the processing of firm fixed price contracts. It will fully meet the requirements of ADL and will satisfy a substantial portion of those in A&CD.

- Neither release will satisfy the requirements generated by the cost type contracts and therefore would not fulfill any of CSAD's requirements nor A&CD's to the extent they impact on the cost type contracts. Although these transactions represent the smallest percentage of contract activity, they constitute the highest dollar volume.

- The purchasing and accounts payable packages must be integrated in order to fully realize their functionality.

- Funds control should be integrated with purchasing and accounts payable to facilitate a smooth and efficient operation of these activities. (the extent to which integration can be achieved between disparate vendors will be addressed in the technical evaluation).

- Through a facility known as intercompany accounting, the accounts payable package can allow one organizational entity to pay for purchases and charge the expense to a different organizational entity. This could be the solution to the problems posed by the processing of MPA/PRA but it would require a shift to using direct funding.

Even though some modifications are necessary, by and large, the use of package software will result in changes being made to current operations and policies. This will require management decisions at all levels.

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12.2 RECOMMENDATIONS

- Due to the high degree of interdependence - e.g. shared files, automated matching, etc. - the accounts payable and purchasing packages should be from the same vendor to attain the highest degree of integration.
- The utilization of package software will require modification to accommodate the cost type contracts or the development of a separate system for these activities.
- Funds control must be integrated with purchasing and accounts payable in order to process commitments and obligations as well as monitor expenses against the obligated amounts. Further, the processes must be in a real-time mode or both procurement and financial operations will be seriously impeded.



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Appendix A

MISSING DATA ELEMENTS

Some of the pertinent missing data elements are:

\* Committed amount

\* Obligated amount

DCAA Number - used on suspensions and disallowances

Reclaimed Cost

Reclaimed Fee

Reclaimed Freight

Reinstated Cost

Reinstated Fee

Reinstated Freight

Suspended Cost

Suspended Fee

Suspended Freight

Overpayment Cost

Overpayment Fee

Overpayment Freight

Settlement Amount

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\* Would be in Funds Control

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(The following are CSAD required elements)

Approved Cost

Approved Fee

Approved Freight

Disapproved Cost

Disapproved Fee

Disapproved Freight

Disapproved Total

Audited Cost

Audited Fee

Audited Total

Date of latest audit

Date received final audit report

Final overhead rate indicator

Date Of Latest Overhead

Date Of Planned Audit

Audit Case Number (Audit Report Number)

Final Claims Indicator

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Appendix B

STATISTICS

B.1 APPENDIX I

B.1.1 Cost vs. Firm Fixed Price

B.2 APPENDIX II

B.2.1 Breakdown of Contractual Activity

B.3 APPENDIX III

B.3.1 Breakdown of Contract Types

B.4 APPENDIX IV

B.4.1 Volume of Invoices

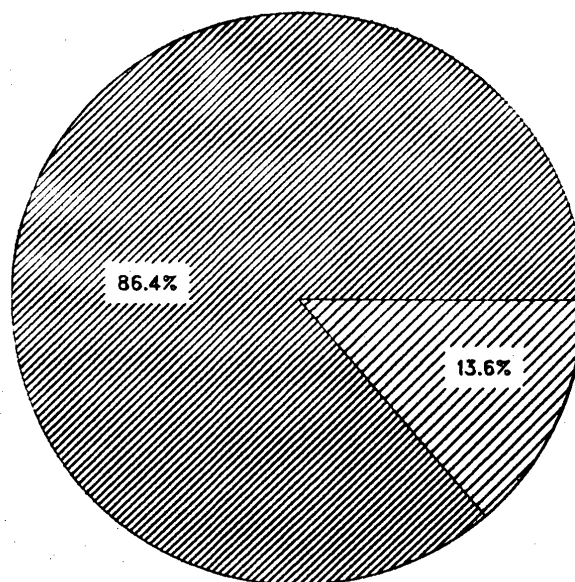
B.5 APPENDIX V

B.5.1 Ratio of Dollar Volume

B.6 APPENDIX VI

B.6.1 CSAD Volume

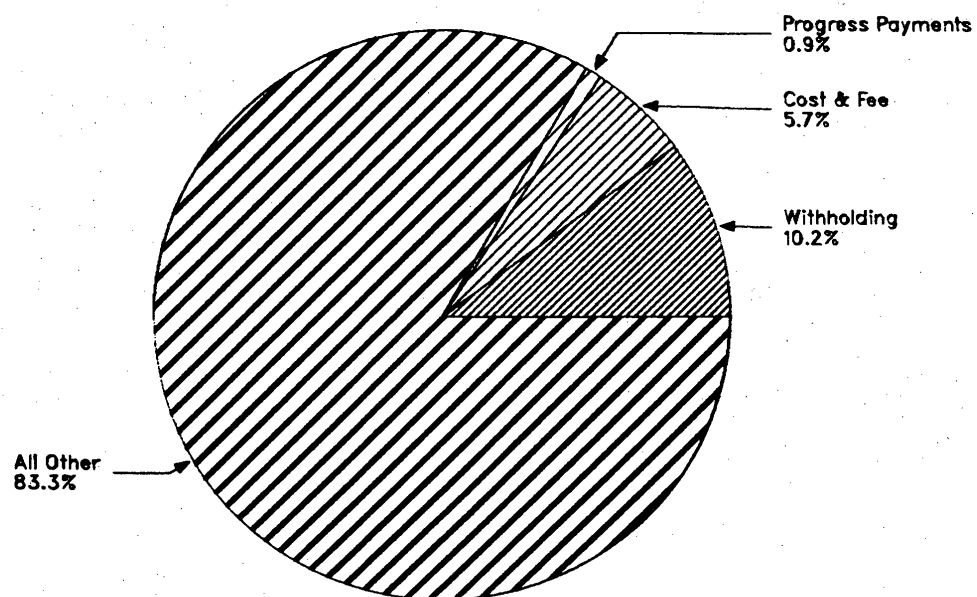
## APPENDIX I COST VS FIRM FIXED PRICE CONTRACTS



**Legend**  
▨ FFP  
▨ COST

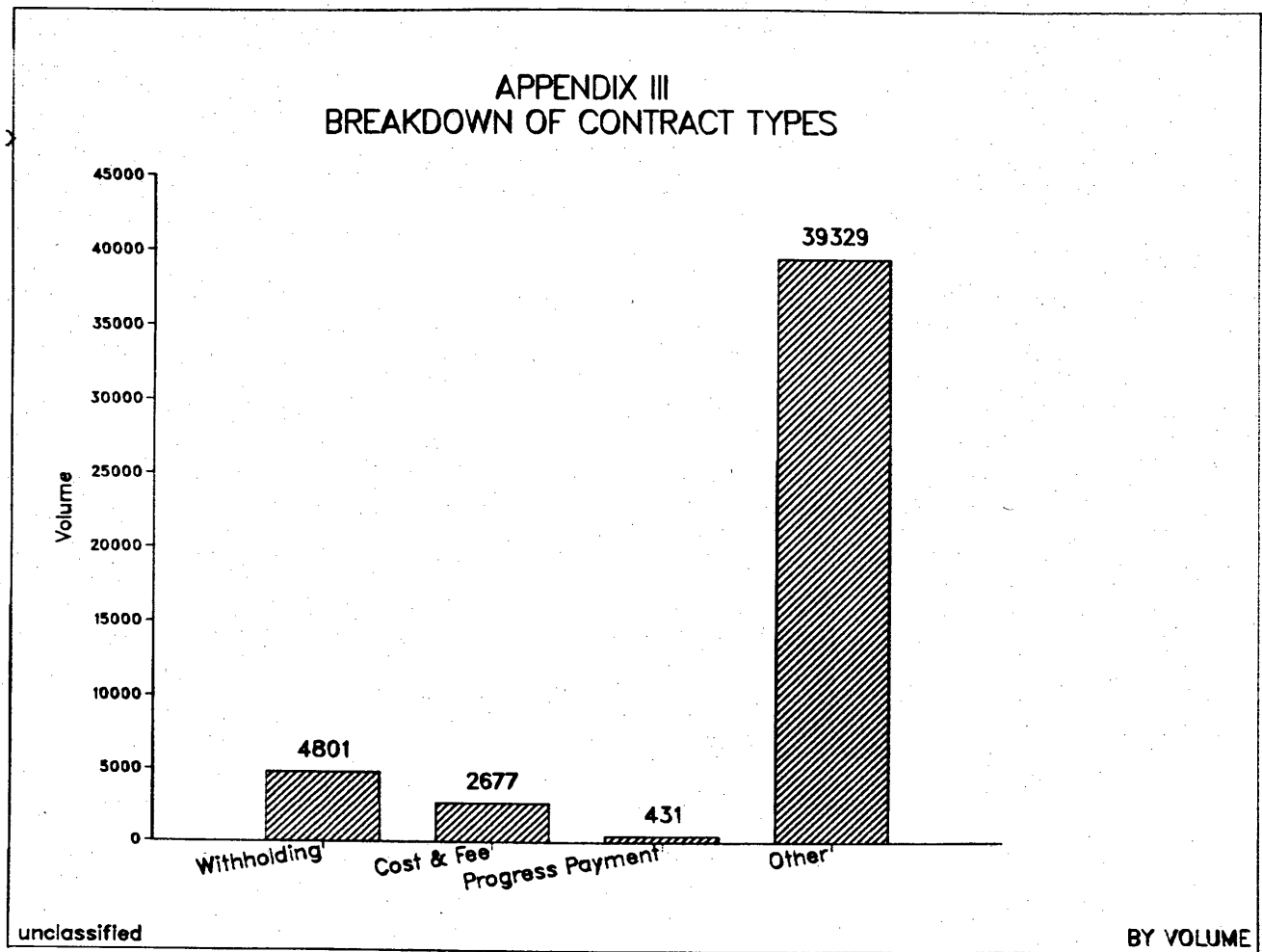
unclassified

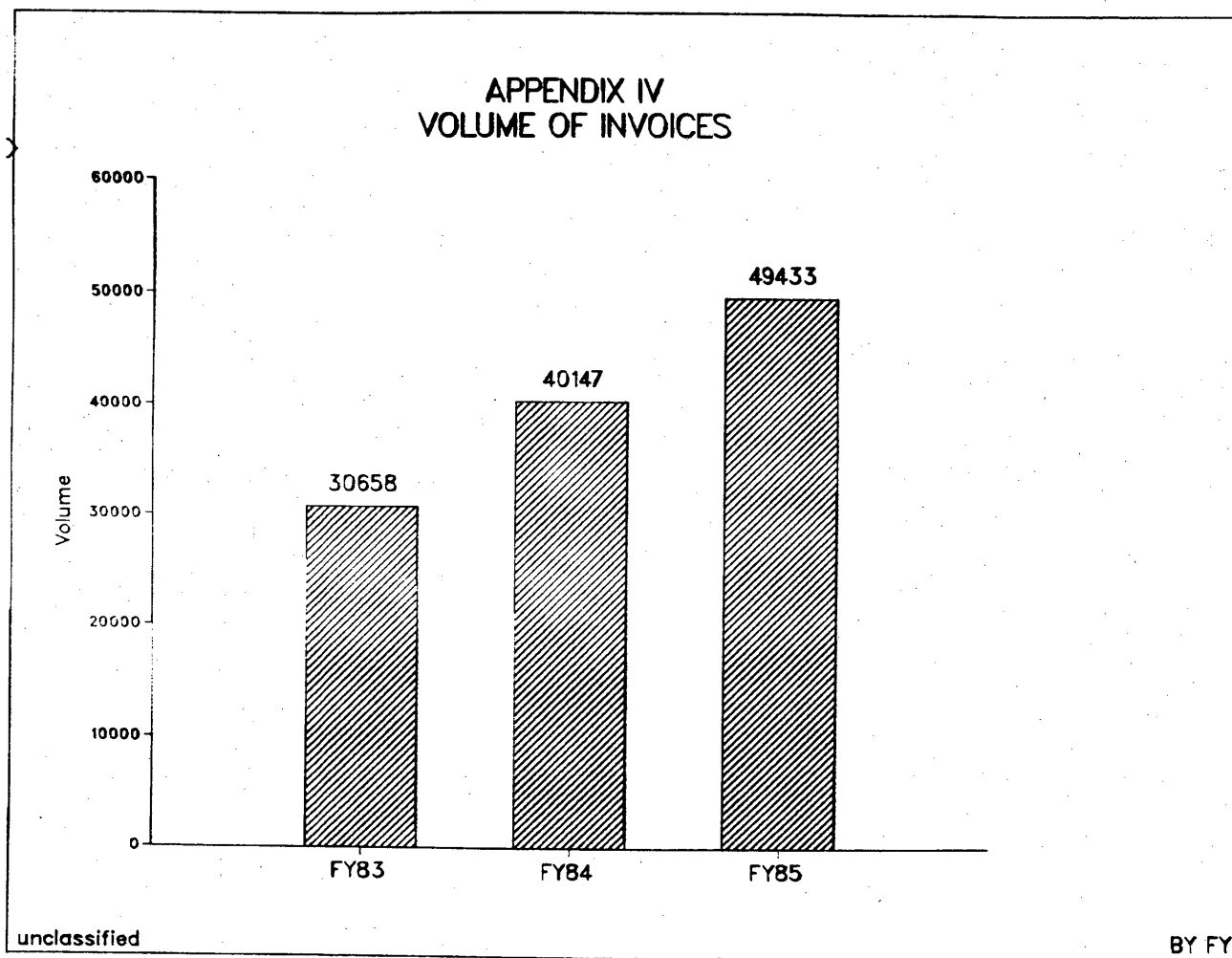
## APPENDIX II BREAKDOWN OF CONTRACTUAL ACTIVITY



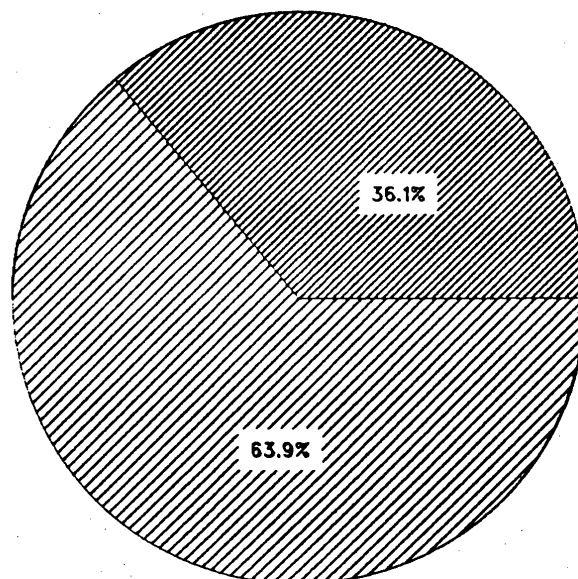
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BY CATEGORY





## APPENDIX V RATIO OF DOLLAR VOLUME



### Legend

FFP  
COST

unclassified

By Type



